Stricken language would be deleted from and underlined language would be added to the Code of Arkansas Rules.

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Proposed Rulemaking

~~Title~~Rules Implementing the Independent Vendor Data Audit Process

Promulgated by: Department of Shared Administrative Services, Employee Benefits Division

Title 21 Public Officers and Employees

Chapter VI. Employee Benefits Division, Department of Shared Administrative Services

Subchapter A. Generally

Part 51. Independent Vendor Data Audit Process

21 CAR § 51-101. Title.

This part shall be known as the Employee Benefits Division, Department of Shared Administrative Services, Independent Vendor Data Audit Process.

21 CAR § 51-102. Purpose.

The purpose of this part is to implement the requirement for an independent audit process to verify the accuracy of data provided by vendors as required by Act 956 of 2025.

21 CAR § 51-103. Definitions.

As used in this part:

(a) "EBD" means the Employee Benefits Division of the Department of Shared Administrative Services; and

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(b) "IAP" means a comprehensive independent audit process to verify the accuracy of data provided by vendors to EBD.

21 CAR § 51-104. Contract Requirements.

(a) A vendor contracting with EBD where a fiscal impact is required shall agree to verify the accuracy of all data provided to the State.

(b) All vendors contracting with EBD must agree to an IAP as a condition of the contract award.

(c) EBD shall not contract with any vendor that refuses to submit to an independent audit process for data verification purposes.

21 CAR § 51-105. Independent Audit Process.

The Director of EBD shall implement the requirement of an IAP to verify the accuracy of vendor-provided data. The director may request any vendor to submit an IAP at any time during the contract period.

21 CAR § 51-105. Penalties for Inaccurate Data.

(a) A vendor that is found through an IAP to have provided inaccurate data shall be subject to civil penalties as required by law, including Act 956 of 2025.

(b) A vendor providing inaccurate data may also face loss of licensure or authorization to operate in this state.

Act 956 of the Regular Session

State of Arkansas *As Engrossed: H4/15/25*
95th General Assembly **A Bill**
Regular Session, 2025 SENATE BILL 491

By: Senator K. Hammer
By: Representative Achor

For An Act To Be Entitled

AN ACT TO REQUIRE A VENDOR THAT CONTRACTS WITH THE EMPLOYEE BENEFITS DIVISION TO SUBMIT DATA FOR VERIFICATION BY AN INDEPENDENT AUDIT; TO IMPOSE A CIVIL PENALTY ON A VENDOR THAT PROVIDES INACCURATE DATA; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO REQUIRE A VENDOR THAT CONTRACTS WITH THE EMPLOYEE BENEFITS DIVISION TO SUBMIT DATA FOR VERIFICATION BY AN INDEPENDENT AUDIT; TO IMPOSE A CIVIL PENALTY ON A VENDOR THAT PROVIDES INACCURATE DATA; AND TO DECLARE AN EMERGENCY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 21-5-404(10), concerning the powers, functions, and duties of the State Board of Finance concerning contracts with qualified vendors, is amended to read as follows:

(10)(A) To direct the office to contract with qualified vendors, as defined by the board, offering the plan options under the program as prescribed by the board without regard to § 19-11-228 or other statutes requiring competitive bidding.

(B) Each contract shall:

(i) ~~be~~ Be for a term of at least one (1) year but may be made automatically renewable from term to term in the absence of

notice of termination by either party; and

(ii) Require a qualified vendor to agree to verification of the vendor's data under § 21-5-425; and

SECTION 2. Arkansas Code Title 21, Chapter 5, Subchapter 4, is amended to add an additional section to read as follows:

21-5-425. Verification of data of vendor — Independent audit process — Civil penalty — Rules.

(a) A vendor that contracts with the *Employee Benefits Division* under this subchapter and a fiscal impact is required shall agree to verify the accuracy of the data the vendor provides to the state.

(b) The *division* shall not contract with a vendor for services for the *division* that does not agree to submit to an independent audit process to verify the accuracy of the vendor's data.

(c) The Director of the Employee Benefits Division:

(1) Shall develop an independent audit process to verify the accuracy of the data a vendor provides to the state; and

(2) May request a vendor submit to an independent audit process.

(d) A vendor that is found through the independent audit process under subdivision (c)(2) of this section to have provided inaccurate data to the state is subject to:

(1) A civil penalty of:

(A) Five hundred dollars ($500) for a first violation; and

(B) One thousand dollars ($1,000) for each subsequent violation; and

(2) Loss of licensure or authorization to operate in this state.

(e) The director shall promulgate rules to implement this section.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that using accurate data is indispensable when considering the fiscal impact of legislation for this state; that vendors may not provide accurate data and the state needs an independent audit process to enable the state to verify the accuracy of vendor data; and that this act is immediately necessary because it is vital to know the fiscal impact of the passage of legislation to protect the residents of this state. Therefore, an emergency is declared to exist, and

this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.

/s/K. Hammer

APPROVED: 4/21/25